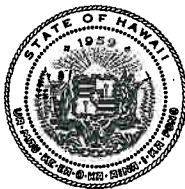


LINDA LINGLE  
GOVERNOR



STATE OF HAWAII  
DEPARTMENT OF TRANSPORTATION  
869 PUNCHBOWL STREET  
HONOLULU, HAWAII 96813-5097

RECEIVED  
LAND DIVISION

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DEPT. OF LAND &  
NATURAL RESOURCES  
STATE OF HAWAII

BRENNON T. MORIOKA  
DIRECTOR

Deputy Directors  
MICHAEL D. FORMBY  
FRANCIS PAUL KEENO  
BRIAN H. SEKIGUCHI  
JIRO A. SUMADA

IN REPLY REFER TO:

AIR-PM  
08.0694

October 17, 2008

Mr. Ron V. Simpson  
Manager, Airports District Office  
Federal Aviation Administration  
Western Pacific Region  
P.O. Box 50244  
Honolulu, Hawaii 96850-0001

Dear Mr. Simpson:

Subject: Total Release from Grant Agreements of up to approximately 626 acres  
of Land near Kona International Airport, North Kona, Island of Hawaii  
TMK: (3) 7-3-43:01 por., 02 por. & 03 por. (Subject Property)

The State of Hawaii, Department of Transportation (DOT) respectfully requests the Federal Aviation Administration (FAA) under FAA Order 5190.6A, Chapter 7, Section 3, Paragraph 7-18 approve a total release of the above-referenced Subject Property located near the Kona International Airport at Keahole (Kona Airport), Island of Hawaii, from the terms and conditions of the applicable grant agreements with the FAA. As explained below, DOT has determined these lands are not critical for airport activities and/or airport facilities. In addition, there was no federal investment in these lands i.e., federal Airport Improvement funds were not used to acquire or improve the Subject Property.

The following information is provided in support of DOT's request for a total release of the Subject Property and responds to the specific questions listed in FAA Order 5190.6A, Chapter 7, Section 5, Paragraph 7-36.

(a) What agreement(s) with the United States are involved?

**Response:** A federal grant was utilized in the Update Airport Master Plan Study and Noise Compatibility Plan Study, Kona International Airport at Keahole, State Project No. AH-2011-04, AIP Project No. 3-15-0008-26, Contract No. DTFA08-06-C-50540 dated August 23, 2006. The grant specified that the Sponsor shall comply with the Part V. Assurances dated 3/2005.

In addition, the DOT has received many federal grants for Kona Airport, the most recent was AIP Project No. 3-15-0008-29, Contract No. DTFA08-08-C-50592 dated June 20, 2008, which also specified compliance with all grant assurances.

- (b) What is requested?

**Response:** DOT is requesting a total release of the Subject Property to allow these lands to be returned to the State of Hawaii, Department of Land and Natural Resources (DLNR). The Subject Property consists of up to approximately 626 acres as shown on the recommended master plan attached as **Exhibit B**.

DLNR is the manager of the public land trust and has a fiduciary duty to manage the public lands for the benefit of the State of Hawaii and beneficiaries of the public land trust.

On August 20, 1981, DLNR transferred approximately 4,201.1 acres of public lands in Kona, Island of Hawaii (**Exhibit A**) to DOT by Governor's Executive Order No. 3074 (EO) expressly for "airport, an energy research project, and their associated purposes". The lands were transferred at no cost to DOT, and no federal funds were involved in DOT's acquisition of the Subject Property. Of the 4,204.1 acres transferred to DOT, 317.7 acres was acquired with DOT Airport special funds (airport revenues) by condemnation (Civil No. 2165 on June 30, 1971), a small portion of which may be included in the Subject Property.

As shown on **Exhibit A**, Portions of the lands transferred under the EO are currently developed and include the Kona Airport and an energy research facility/complex operated by the National Energy Laboratory of Hawaii Authority. The Subject Property, however, remains vacant and unimproved and has never been utilized since DOT's acquisition in 1981. DOT has determined the Subject Property is not required for the operation of the Kona Airport and is not critical for airport activities and/or airport facilities (or for any of the other purposes specified in the EO), as shown on the current master plan as well as Alternatives 1 and 2, each are attached as **Exhibits B, C and D**, respectively. As such, DOT wishes to return the Subject Property to DLNR.

Since DOT has determined the Subject Property is not necessary for airport facilities or purposes, or for any of the other purposes specified in the EO, the return of the Subject Property to DLNR will allow DLNR to put these lands to a higher and better use to better serve the State of Hawaii, the general public, and public land trust beneficiaries.

- (c) Why the release, modification, reformation or amendment is requested?

**Response:** See response to Question (b) above.

- (d) What facts and circumstances justify the request?

**Response:** See response to Question (b) above.

- (e) What requirements of state or local law should be provided for in the language of an FAA issued document if the request is consented to or granted?

**Response:** *None that we know of at this time.*

- (f) What property or facilities are involved?

**Response:** *The Subject Property consists of up to approximately 626 acres as generally shown on the Recommended Master Plan concept (Exhibit B), and is a portion of Tax Map Key Nos. (3) 7-3-43:01, 02 & 03. Alternative land uses plans proposing smaller areas to be released are attached as Exhibits C and D as well.*

- (g) How the property was acquired or obtained by the airport owner?

**Response:** *See response to Question (b) above.*

- (h) What is the present condition and what present use is made of any property or facilities involved?

**Response:** *The Subject Property remains vacant and unimproved and has never been developed, improved or utilized.*

- (i) What use or disposition will be made of the property or facilities?

**Response:** *The Subject Property will be returned to DLNR, which owns and manages the majority of the State of Hawaii's public lands. As the manager of the public land trust, DLNR will put the Subject Property to higher and better uses for the benefit of the State, the general public, and the public land trust beneficiaries.*

- (j) What is the FMV of the property or facilities?

**Response:** *Tax-assessed values for TMKs (3) 7-3-43:01, 02 & 03 indicates a pro rata tax assessment of \$3,010,503 for the Subject Property.*

- (k) What proceeds are expected from the use or disposition of the property and what will be done with any net revenues derived?

**Response:** *As explained above, DOT acquired the Subject Property from DLNR at no cost. Accordingly, DOT does not expect to derive any revenues or payments from DLNR for the return of the Subject Property.*

- (l) A comparison of the relative advantage or benefit to the airport from sale or other disposition as opposed to retention for rental income?

**Response:** *DOT has determined the Subject Property is not required for the operation of the Kona Airport and is not critical for airport activities and/or airport facilities or for any of the other purposes specified in the EO. No income has ever been generated from the Subject*

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*Property and DOT does not have any plans to develop the Subject Property for any rental income purposes.*

*Furthermore, any lands set aside under an EO that are not used for the purposes stated in the EO must be returned to DLNR pursuant to the terms of the EO and Section 171-11 of the Hawaii Revised Statutes, as amended.*

- (m) A plan identifying the intangible benefits, if any, accruing to the airport, the amount attributed to the intangible benefits and the merit of their application as an offset against the FMV of the property to be released. The plan should also include as a minimum:

**Response:** *Not applicable. DOT acquired the Subject Property at no cost and will be returning the property to DLNR at no cost.*

Finally, enclosed are the exhibits as required by FAA Order 5190.6A, Chapter 7, Section 5, Paragraph 7-36(4).

We believe the above information supports DOT's request for a total release of the Subject Property and look forward to receiving a favorable determination from the FAA. If you have any questions regarding this request or require any additional information, please contact Mr. Sidney Hayakawa, Airports Administrative Services Officer, at 838-8704.

Very truly yours,

*Francis Paul Keemo*

*for* BRENNON T. MORIOKA, Ph.D., P.E.  
Director of Transportation

Enclosures

bc: DEP-A  
✓ DLNR

# KONA AIRPORT (EO 3074)

## Legend

- EO 3074
- TMK

0 145290 580 870 1,160  
Meters

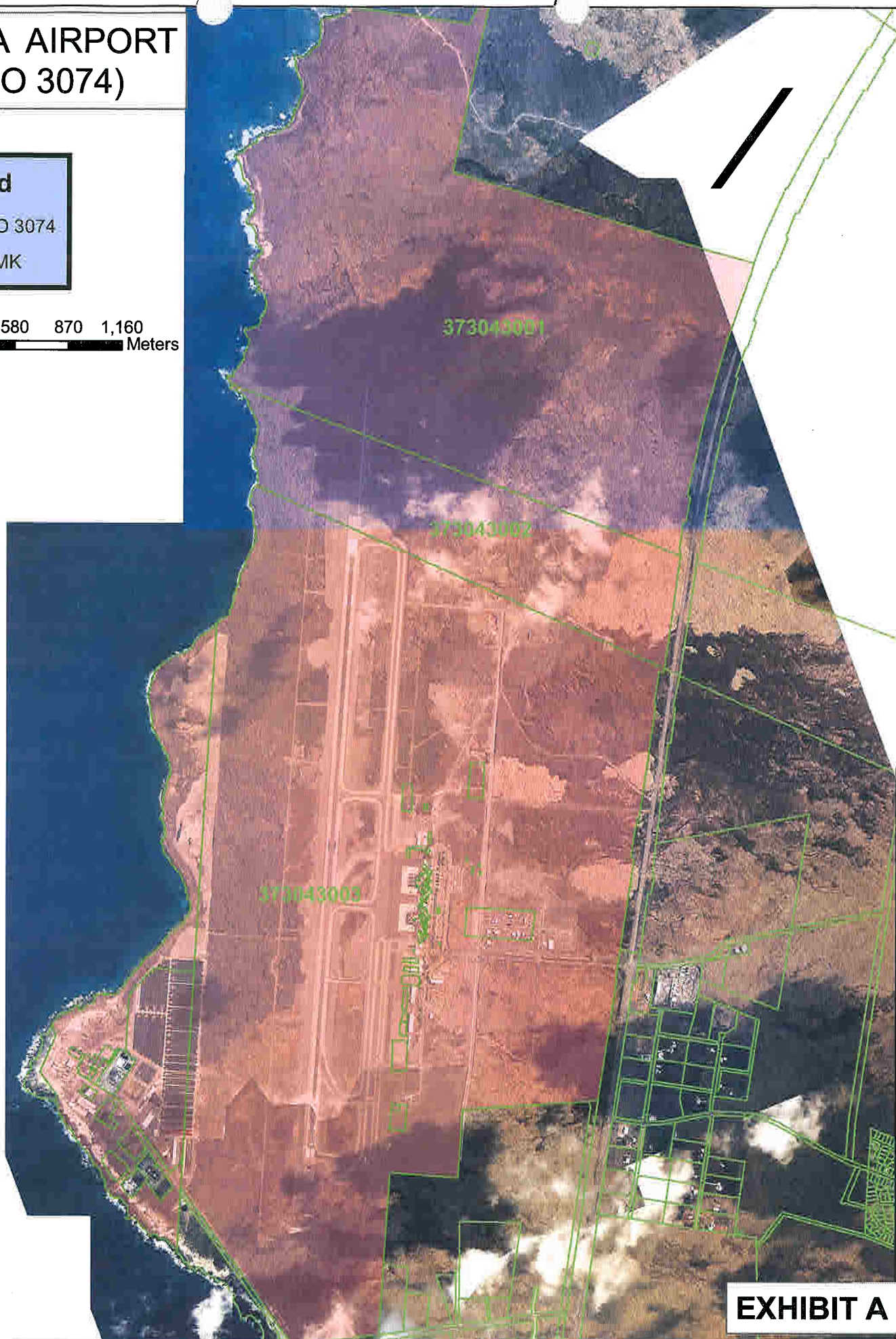


EXHIBIT A



Recommended Master Plan Concept  
Approximate area 626 acres



EXHIBIT B

Approximate area 383 acres





